

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY)	
)	07-0540
)	
Approval of the Energy Efficiency and)	
Demand-Response Plan Pursuant to Section)	
12-103(f) of the Public Utilities Act)	

INITIAL BRIEF OF THE CITIZENS UTILITY BOARD

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The Commission initiated this proceeding to review the Energy Efficiency and Demand-Response Plan submitted by Commonwealth Edison Company (“ComEd”) pursuant to 220 ILCS 5/12-103 on November 15, 2007. The Citizens Utility Board (“CUB”) respectfully submits this initial brief to recommend that the Commission adopt ComEd’s plan with the modifications discussed below.

CUB’s Exhibit 1.0, the Direct Testimony of Christopher C. Thomas, detailed two problems with ComEd’s proposed plan. First, ComEd’s Nature First Expansion Cost Estimates appeared to be inflated because (1) the proposed one-time operation and maintenance promotional cost to acquire new Nature First customers would allow the company to over-recover its costs, and (2) ComEd witness Mr. Eber inappropriately escalates O&M expenses by 2.5% to adjust for inflation, without considering productivity gains. CUB Ex. 1.0 at 2, 4. As discussed below, ComEd’s rebuttal testimony has resolved this problem. Second, ComEd’s proposed Rider EDA should include all offsetting revenues that ComEd could receive from PJM’s energy and capacity markets. *Id.* at 2.

I. COMED'S NATURE FIRST EXPANSION COST ESTIMATES

ComEd witnesses Paul R. Crumrine and James C. Eber resolved CUB's concerns about the Nature First Expansion Cost Estimates in their rebuttal testimony. ComEd Ex. 11.0 at 13-14; ComEd Ex. 10.0 at 2-3. There, Mr. Crumrine and Mr. Eber clarified that ComEd's Rider EDA will only recover ComEd's actual costs to implement energy efficiency and demand response measures. Further, they explain that an annual proceeding will reconcile accrued Rider EDA revenues with the actual costs incurred by ComEd. ComEd Ex. 10.0 at 2; ComEd Ex. 11.0 at 13-14. These statements resolve Mr. Thomas' concern. Indeed, Mr. Crumrine correctly notes the source of the confusion, stemming from ComEd's use of the term "annual revenue requirement." ComEd Ex. 11.0 at 14.

II. RIDER EDA DOES NOT INCLUDE ALL OFFSETTING REVENUES THAT COMED COULD RECEIVE FROM PJM ENERGY AND CAPACITY MARKETS

ComEd's proposed Rider EDA must require the company to maximize the revenues that it receives by self-scheduling Nature First load reductions. While ComEd's proposed Rider EDA returns any revenues "that the Company expects to receive that are associated with the ... energy efficiency and demand response plan" to customers, it does not require the company to maximize those revenues. ComEd Ex. 1.0 at Appendix F (definition of RIC). Thus, the Commission should order ComEd to schedule demand response events for Nature First to maximize its revenues.

As Mr. Eber noted on cross-examination, the exact amount of available revenue may change with PJM rules and other factors. *See* Tr. at 166-67. Nonetheless, ComEd can schedule the use of its Nature First program to maximize that revenue, given the rules in place at the time. For example, by deciding whether it should use the program on a day with wholesale energy prices above \$100 per MWh. Tr. at 202. In addition, ComEd has shown no evidence that

actually using its Nature First program will raise costs or decrease customer willingness to participate. ComEd Ex. 3.0 at 10; CUB Ex. 1.06 (ComEd data request response regarding program costs); CUB Ex. 1.07 (ComEd data request response regarding customer willingness to participate). Thus, ComEd must alter its Rider EDA to provide for the use of Nature First to customers benefit.

III. THE COMMISSION SHOULD AUTHORIZE AN ONGOING COLLABORATIVE PROCESS

CUB supports the Attorney General's recommendation that the Commission authorize an ongoing collaborative process to develop evaluation methods, review program performance data, and recommend timely adjustments to the proposed programs. Doing so will help ensure that these programs meet the statutorily-mandated annual energy efficiency and demand response goals at a cost that is reasonable and prudently incurred, as required by statute. 220 ILCS 12-103(e).

CONCLUSION

CUB recommends that the Commission approve ComEd's Energy Efficiency and Demand-Response Plan, with the caveat that ComEd maximize the revenue received from the use of its Nature First program, to the benefit of customers.

Dated: this 14th day of January, 2008.

Respectfully submitted,

THE CITIZENS UTILITY BOARD



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